



# Auditor-Controller COUNTY OF TULARE AGENDA ITEM

## BOARD OF SUPERVISORS

ALLEN ISHIDA  
District One

PETE VANDER POEL  
District Two

PHILLIP A. COX  
District Three

J. STEVEN WORTHLEY  
District Four

MIKE ENNIS  
District Five

**AGENDA DATE:** June 17, 2014

Public Hearing Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>

CONTACT PERSON: Tara Webley PHONE: 559-636-5206

**SUBJECT:** Vehicle Purchases for Fiscal Year 2014/2015

**REQUEST(S):**

That the Board of Supervisors:

1. Approve the purchase of 40 replacement vehicles for the 2014/2015 Fiscal Year per Attachment A; and
2. Authorize payment for those vehicles with a loan from the Workers' Compensation Insurance Fund.

**SUMMARY:**

The County's replacement plan for 2014/2015 includes 40 vehicles. It is recommended that the vehicles/equipment be funded internally from the projected reserve in the Workers' Compensation Insurance Fund. The interest rate to repay the Workers' Compensation Insurance Fund will be at the County Treasury Pool's annual rate.

The account receivable established in the Workers' Compensation Insurance Fund as a result of the borrowing of funds would be considered part of the reserve established by an Actuary, just as any other type of investment. The account receivable would represent, at most, 20% of the reserve and would not compromise the liquidity of the reserve.

Upon approval of the Board, the required funds will be transferred from the Workers' Compensation Insurance Fund to the participating funds as needed. Annual repayments to the Workers' Compensation Insurance Fund will include the interest described above. Participating departments' first annual payment will be

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made before June 30, 2015 and the final payment will be paid no more than 36 months (3 years) later.

**FISCAL IMPACT/FINANCING:**

The term of repayment by participating departments is four (4) years as indicated on Attachment A. Departments are responsible for paying the first quarter of the total purchase price the year the vehicle is delivered and the remaining three quarters is borrowed from the Worker's Compensation Insurance fund at that time. The departments are then required to repay the Workers' Compensation Insurance Fund within 36 months of the initial borrowing date. The required principal and interest payments at the Treasury Pool's annual interest rate will be obtained by annual charges to budgets of the County agencies and funds benefiting from the use of the vehicles until the cost of the vehicles are fully amortized.

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

There are many advantages to borrowing funds internally versus using an outside lender which effectively link to the County's five-year strategic plan. These advantages include benefits related to the Organization Performance Initiative to provide for the stability of County operations through periods of economic fluctuations and changing priorities and service demands.

- 1) The County will hold title to the vehicles immediately. If a vehicle is involved in an accident, we can process our insurance claim without the delay of dealing with a third party, who would otherwise hold the pink slip.
- 2) Pool annual interest rate is expected to be less than the interest rate charged by an outside lender, resulting in a projected savings.

**ADMINISTRATIVE SIGN-OFF:**

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Deborah Paolinelli  
Assistant Auditor-Controller

Cc: Auditor-Controller  
County Counsel  
County Administrative Office (2)

Attachments: Attachment A-Vehicle List for FY 14/15 Financing by Vehicle Type  
Attachment B-Vehicle List for FY 14/15 Financing by Department

**BEFORE THE BOARD OF SUPERVISORS  
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF:  
VEHICLE PURCHASES FOR  
FISCAL YEAR 2014/2015

)  
) Resolution No. \_\_\_\_\_  
) Agreement No. \_\_\_\_\_

UPON MOTION OF SUPERVISOR \_\_\_\_\_, SECONDED BY  
SUPERVISOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY THE  
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD \_\_\_\_\_  
\_\_\_\_\_, BY THE FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: JEAN M. ROUSSEAU  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

BY: \_\_\_\_\_  
Deputy Clerk

\* \* \* \* \*

1. Approved the purchase of 40 replacement vehicles for the 2014/2015 Fiscal Year per Attachment A; and
2. Authorized payment for those vehicles with a loan from the Workers' Compensation Insurance Fund.

**Attachment A**  
**County of Tulare**  
**Vehicle List for FY 14/15 Financing by Vehicle Type**

Quantity	Description	Average Purchase Price Per Vehicle	Total
18	Ford Explorers	27,500	495,000
4	Chevy Tahoes	37,000	148,000
6	Patrol Cars	22,500	135,000
1	Fire Engine	420,000	420,000
1	Fire Patrol Vehicle	130,000	130,000
1	Ford F-250 Super Cab	34,000	34,000
5	Chevy Impalas	24,000	120,000
1	Toyota Prius	27,000	27,000
2	Full-Size Trucks	23,000	46,000
1	Parks Boom Truck	200,000	200,000
<b>40</b>	<b>Vehicles</b>		<b>\$ 1,755,000</b>

Note: Due to budget constraints departments have elected to finance all vehicles over 4 years.

**Attachment B**  
**County of Tulare**  
**Vehicle List for FY 14/15 Financing by Department**

<b>Quantity</b>	<b>Department</b>	<b>Total</b>
2	Fire	550,000
1	HHSA	34,000
3	General Services	246,000
6	Probation	147,000
28	Sheriff-Coroner	778,000
<b>40</b>	<b>Vehicles</b>	<b>\$ 1,755,000</b>